

specie payments and giving forced legal tender character to its notes. The government hesitated to take this desperate step and accompanied it with decrees intended to prevent the export of gold and silver, even to the amount of more than 100 florins (\$50) in the pockets of tourists. The government at the same time resumed the issue of its own paper promises in the form of interest-bearing mandates, redeemable in four, eight, and twelve months. The fifth of these issues, in 1849, was given forced legal tender character and the notes were no longer to be redeemed in coin. Gold and silver began to disappear from circulation, pieces of six and ten kreutzers (one to two cents) were coined only to disappear, and bank bills of one florin and Treasury bills of six and ten kreutzers were issued to take the place of the smallest coins. The credit of the bank began to sink with that of the government and the depreciation of the bills in the middle of 1849 to about half their nominal value alarmed the administration and led to a solemn declaration that no more loans should be demanded from the bank and that the existing debt should be adjusted and consolidated.

The history of the thirteen years from 1848 to 1861 is the history of the disregard of this pledge and of repeated loans negotiated through the bank in spite of continual efforts to refund the debt and reduce its proportions. The aggregate of funded and floating debts due the bank by the government was 178,500,000 florins on January 1, 1849, ^{and} 300,000 florins on January 1, 1850. Considerable reductions were made during the next four years and the figures were carried down to 121,700,000 florins on January 1, 1854. The provisions for the Crimean War forced the figures up again with, a bound to 294,200,000 florins (\$147,000,000) on January 1, 1855. The reduction of the debt began again the next year and continued until it was reduced on January 1, 1859, to 145,700,000 florins, but the war with the Italian States and France carried the amount up again to 285,800,000 florins.¹ M. Paul Leroy-Beaulieu, after reviewing the